SENATE RECORD VOTE ANALYSIS

106th Congress		June 18, 1999, 9:37 a.m.
1st Session	**Vote No. 176**	Page S-7248 Temp. Record

STEEL AND OIL EMERGENCY LOANS/Final Passage

SUBJECT: **Emergency Steel Loan Guarantee and Emergency Oil and Gas Guaranteed Loan Act of 1999 . . . H.R. 1664. Final passage, as amended.**

ACTION: BILL PASSED, 63-34

SYNOPSIS: As passed, H.R. 1664, the Emergency Steel Loan Guarantee and Emergency Oil and Gas Guaranteed Loan Act of 1999, will authorize $1 billion in Federal loan guarantee authority for loans to steel and iron ore companies and $500 million in such authority for loans to oil and gas companies. Separate programs will be created for each purpose, and will be administered by loan guarantee boards. Both boards will be comprised of the Secretary of Commerce, the Chairman of the Federal Reserve Board, and the Chairman of the Securities and Exchange Commission. The bill will appropriate $270 million for the cost of the guarantees and will offset the cost by rescinding the same amount from non-defense administrative and travel accounts. None of the funding will be provided as emergency funding. Details include the following:

- the aggregate amount of loans guaranteed and outstanding may not exceed $1 billion at any one time for the steel program or $500 million for the oil and gas program;
- the aggregate amount of guaranteed loans that any one company may have at one time may not exceed $250 million for the steel program or $10 million for the oil and gas program;
- loan guarantees will be given to companies that otherwise cannot receive the needed credit but that the board reasonably believes will be able to repay the loan with interest;
- loans will be payable in full no later than December 31, 2005 for the steel program and no later than December 31, 2010 for the oil and gas program;
- companies receiving loans will pay fees to cover program costs;
- guarantees will not cover more than 85 percent of the loan amounts; and
- the authority to give loan guarantees will expire on December 31, 2001.

(See other side)

YEAS (63)			NAYS (34)			NOT VOTING (3)	
Republicans (21 or 39%)	**Democrats (42 or 98%)**		**Republicans (33 or 61%)**		**Democrats (1 or 2%)**	**Republicans (1)**	**Democrats (2)**
Abraham	Akaka	Kerrey	Allard	Hutchinson	Feingold	McCain-[2]	Bingaman-[4]
Bennett	Baucus	Kerry	Ashcroft	Jeffords			Dodd-[2]
Bond	Bayh	Kohl	Brownback	Kyl			
Campbell	Biden	Landrieu	Bunning	Lott			
Chafee	Boxer	Lautenberg	Burns	Mack			
Cochran	Breaux	Leahy	Collins	McConnell			
DeWine	Bryan	Levin	Coverdell	Murkowski			
Domenici	Byrd	Lieberman	Craig	Nickles			
Gorton	Cleland	Lincoln	Crapo	Roth			
Hatch	Conrad	Mikulski	Enzi	Smith, Bob			
Helms	Daschle	Moynihan	Fitzgerald	Smith, Gordon			
Hutchison	Dorgan	Murray	Frist	Snowe			
Inhofe	Durbin	Reed	Gramm	Thomas			
Lugar	Edwards	Reid	Grams	Thompson			
Roberts	Feinstein	Robb	Grassley	Voinovich			
Santorum	Graham	Rockefeller	Gregg	Warner			
Sessions	Harkin	Sarbanes	Hagel				
Shelby	Hollings	Schumer					
Specter	Inouye	Torricelli					
Stevens	Johnson	Wellstone					
Thurmond	Kennedy	Wyden					

EXPLANATION OF ABSENCE:
1—Official Business
2—Necessarily Absent
3—Illness
4—Other

SYMBOLS:
AY—Announced Yea
AN—Announced Nay
PY—Paired Yea
PN—Paired Nay

Compiled and written by the staff of the Republican Policy Committee—Larry E. Craig, Chairman

Those favoring final passage contended:

The steel industry and the oil and gas industry are both in serious trouble because of low prices. The problem for the steel industry is illegal dumping of foreign steel on the United States' market. That problem is continuing. The problem for the oil and gas industry is that a severe drop in prices, which has begun to abate, has put many small producers into severe financial difficulty from which many of them will not recover without short-term help. This bill will address both problems by creating emergency loan programs.

Starting in 1997, countries began to dump steel illegally on the United States at costs below the costs of production. The problem became exponentially worse as markets for steel in Asia collapsed (due to Asia's financial crisis) and as economies slumped elsewhere. In 1998, a record 4.5 million tons of cheap and illegally dumped steel flooded the United States' market. United States producers had to drop prices, impose layoffs, shut down furnaces, and slow down production. In total, steel imports in 1998 were 83-percent higher than the average for the previous 8 years. The problem is not one of being uncompetitive--the United States' steel industry has the lowest production costs and the highest quality steel in the world. It went through an extremely painful transition in the last 20 years to modernize its operations. It spent nearly $60 billion restructuring, retooling, and downsizing. In 1980, there were 400,000 steel workers in America; now there are just 160,000. Even though other countries have strong protectionist and subsidization policies, United States steel can still be made more cheaply. That advantage is lost, though, when other countries break trade laws by selling steel in the United States at prices that are below production costs. The Clinton Administration has declined to use its legal avenues for stopping the illegal dumping because it has been concerned about the weak economic, and in some cases political, states of the guilty countries. Meanwhile, three medium-sized steel mills have been driven out of business, and many more are in severe trouble. An estimated 10,000 steel jobs have already been lost.

The problem for the oil and gas industry is abating because prices have started rising, but its disaster was larger than the disaster that has hit the steel industry. The big international companies like Exxon are not in any trouble, but small domestic producers are. Virtually all of the gas and oil production in the United States, except for offshore and Alaska production, is controlled by small, independent operations. In October, 1997, at the start of the price crisis, there were 340,700 people employed domestically in this industry. In less than 2 years, 56,400 of them have lost their jobs, and 136,000 wells (25 percent of the total wells in the country) have been shut. United States production is now at its lowest level since 1951. The lost revenue, in Federal and State taxes, from the price drops comes to $2.1 billion so far.

From 1993 through 1998, the United States spent $36.1 billion to help people who were harmed by natural disasters, and it spent $12.7 billion to help farmers when they experienced disasters that destroyed their crops and their incomes. The help that we are asking for with this bill follows the same logic used in giving disaster aid and agricultural aid. Giving short-term assistance to help people through difficult times ends up preventing greater problems, and greater economic losses, down the line. In this case, we are only asking for a small loan program that will have an estimated net cost of just $21 million per year (from administrative costs and loan defaults). For the oil and gas industry, we believe that this amount will be enough to get it over the financial difficulties it incurred from the price drop; for the steel industry, whether this help will be sufficient depends on whether the Clinton Administration starts enforcing the trade laws and/or whether the world economy rebounds sufficiently to stop the dumping. The bottom line, though, is these loan guarantees are urgently needed by both industries. We are pleased to vote in favor of final passage of this bill.

Those opposing final passage contended:

As we explained on the earlier cloture vote (see vote No. 167), we believe that there are much better ways to help struggling companies in these two industries than giving loan guarantees to the least competitive of the companies in those industries. We fear that passing this bill will just lead to widespread defaults on unsound loans, and the taxpayers will be left with the bill. With that said, we acknowledge that our colleagues were willing to accept many of our suggestions for improving the bill. In particular, they agreed: to change the composition of the loan boards to make them more professional and less political; to limit loan guarantees to 85 percent of the loan amounts; to get rid of the emergency designation that would have allowed the program to be paid for out of the Social Security surplus; and to get rid of the requirement that minimum amounts be borrowed (as reported, for instance, guarantees would not have been given for loans to steel companies if those loans were for less than $25 million). These changes have improved the bill, but we still believe that the proposed loan guarantee programs will fail. Therefore, we oppose final passage.